

Dennis F. Dunne
Samuel A. Khalil
Michael L. Hirschfeld
MILBANK, TWEED, HADLEY & M^cCLOY LLP
1 Chase Manhattan Plaza
New York, New York 10005
Telephone: (212) 530-5000
Facsimile: (212) 822-5670

Attorneys for Ad Hoc Committee of Second Lien Noteholders

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

-----X		
In re:	:	Chapter 11
	:	
MPM SILICONES, LLC, <u>et al.</u> ,	:	Case No. 14-22503 (RDD)
	:	
	:	
Debtors.	:	Jointly Administered
-----X		
	:	
U.S. BANK NATIONAL ASSOC., as Indenture Trustee,	:	
	:	
	:	
Plaintiff,	:	
	:	Adversary Proceeding
	:	No. 14-08238 (RDD)
	:	
v.	:	
	:	
WILMINGTON SAVINGS FUND SOCIETY, FSB, as	:	
Indenture Trustee; MOMENTIVE PERFORMANCE	:	
MATERIALS INC., JUNIPER BOND HOLDINGS I	:	
LLC, JUNIPER BOND HOLDINGS II LLC, JUNIPER	:	
BOND HOLDINGS III LLC, JUNIPER BOND	:	
HOLDINGS IV LLC, MOMENTIVE PERFORMANCE	:	
MATERIALS CHINA SPV INC., MOMENTIVE	:	
PERFORMANCE MATERIALS HOLDINGS INC.,	:	
MOMENTIVE PERFORMANCE MATERIALS	:	
QUARTZ, INC., MOMENTIVE PERFORMANCE	:	
MATERIALS SOUTH AMERICA INC., MOMENTIVE	:	
PERFORMANCE MATERIALS USA INC.,	:	
MOMENTIVE PERFORMANCE MATERIALS	:	
WORLDWIDE INC.; AND MPM SILICONES, LLC,	:	
	:	
	:	
Defendants.	:	
-----X		

**DECLARATION OF SAMUEL A. KHALIL IN SUPPORT OF THE MEMORANDUM
OF LAW IN SUPPORT OF JOINT ANSWER AND AFFIRMATIVE DEFENSES OF
WILMINGTON SAVINGS FUND SOCIETY, FSB, AS SUCCESSOR INDENTURE
TRUSTEE, AND THE AD HOC COMMITTEE OF SECOND LIEN NOTEHOLDERS
TO THE COMPLAINT FOR DECLARATORY JUDGMENT FILED BY U.S. BANK
NATIONAL ASSOCIATION**

SAMUEL A. KHALIL declares, pursuant to 28 U.S.C. § 1746:

1. I am a partner with the firm Milbank, Tweed, Hadley & McCloy LLP, attorneys for the Ad Hoc Committee of Second Lien Noteholders in the above-captioned proceeding. I make this declaration in support of the Memorandum of Law in support of the Joint Answer and Affirmative Defenses of Wilmington Savings Fund Society, FSB, as Successor Indenture Trustee, and the Ad Hoc Committee of Second Lien Noteholders to the Complaint for Declaratory Judgment Filed by U.S. Bank National Association, dated July 14, 2014.

2. Attached hereto as Exhibit A is a true and correct copy of the Registration Statement (Form S-4) of Momentive Performance Materials, Inc., dated September 14, 2007.

3. Attached hereto as Exhibit B is a true and correct copy of the Declaration of William H. Carter, Chief Financial Officer of Momentive Performance Materials, Inc., in Support of Chapter 11 Petitions and First Day Pleadings, dated April 13, 2014.

4. Attached hereto as Exhibit C is a true and correct copy of the Fitch Report,¹ dated February 6, 2006.

¹ Defined terms used herein shall have the meaning ascribed to them in the Memorandum of Law in Support of the Joint Answer and Affirmative Defenses of Wilmington Savings Fund Society, FSB, as Successor Indenture Trustee, and the Ad Hoc Committee of Second Lien Noteholders to the Complaint for Declaratory Judgment Filed by U.S. Bank National Association, dated July 14, 2014.

5. Attached hereto as Exhibit D is a true and correct copy of the Subordinated Notes Indenture, dated December 4, 2006.
6. Attached hereto as Exhibit E is a true and correct copy of the Second Lien Notes Indenture, dated November 5, 2010.
7. Attached hereto as Exhibit F is a true and correct copy of the Current Report (Form 8-K/A) of Momentive Performance Materials Inc., dated May 12, 2009.
8. Attached hereto as Exhibit G is a true and correct copy of the Current Report (Form 8-K) of Momentive Performance Materials, Inc., dated June 10, 2009.
9. Attached hereto as Exhibit H is a true and correct copy of the Old Second Lien Notes Indenture, dated June 15, 2009.
10. Attached hereto as Exhibit I is a true and correct copy of the Current Report (Form 8-K) of Momentive Performance Materials Inc., dated June 15, 2009.
11. Attached hereto as Exhibit J is a true and correct copy of the Old Second Lien Intercreditor Agreement, dated June 15, 2009.
12. Attached hereto as Exhibit K is a true and correct copy of the Current Report (Form 8-K) of Momentive Performance Materials, Inc., dated June 12, 2009.
13. Attached hereto as Exhibit L is a true and correct copy of the Current Report (Form 8-K) of Momentive Performance Materials Inc., dated November 12, 2010.

14. Attached hereto as Exhibit M is a true and correct copy of the Second Lien Notes Offering Memorandum issued by Momentive Performance Materials, Inc., dated October 27, 2010.

15. Attached hereto as Exhibit N is a true and correct copy of the Exchange Offer for the Second Lien Notes, dated May 12, 2011.

16. Attached hereto as Exhibit O is a true and correct copy of the 1.5 Lien Notes Indenture, dated May 25, 2012.

17. Attached hereto as Exhibit P is a true and correct copy of the 1.5 Lien Intercreditor Agreement, dated May 25, 2012.

18. Attached hereto as Exhibit Q is a true and correct copy of the Current Report (Form 8-K) of Momentive Performance Materials, Inc., dated June 1, 2012.

19. Attached hereto as Exhibit R is a true and correct copy of the Current Report (Form 8-K) of Momentive Performance Materials, Inc., dated November 20, 2012.

20. Attached hereto as Exhibit S is a true and correct copy of the First Lien Intercreditor Agreement, dated November 16, 2012.

21. Attached hereto as Exhibit T is a true and correct copy of the Second Lien Intercreditor Agreement, dated November 16, 2012.

22. Attached hereto as Exhibit U is a true and correct copy of the Current Report (Form 8-K) of Momentive Performance Materials Inc., dated April 30, 2013.

23. Attached hereto as Exhibit V is a true and correct copy of the ABL Intercreditor Agreement, dated April 24, 2013.

24. Attached hereto as Exhibit W is a true and correct copy of the Subordinated Notes Resale Prospectus of Momentive Performance Materials, Inc., dated May 13, 2013.

25. Attached hereto as Exhibit X is a true and correct copy of the article entitled *Momentive's Senior Subordinated Notes: Are The Second Lien Notes "Senior Indebtedness"* by Xtract Covenant Intelligence, dated April 21, 2014.

26. Attached hereto as Exhibit Y is a true and correct copy of the article entitled *Momentive Performance: Is Any Series of Senior Secured Notes Not "Senior Indebtedness" Under the Senior Subordinated Notes?* by Covenant Review, LLC, dated April 25, 2014.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on July 14, 2014
New York, New York

/s/ Samuel A. Khalil

SAMUEL A. KHALIL